

BEFORE THE DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION OF THE STATE OF MONTANA

In the matter of the proposed) NOTICE OF AMENDMENT
amendment of ARM 36.22.1242 relating)
to privilege and license tax rates on oil)
and gas)

To: All Concerned Persons

1. On July 27, 2006, the Department of Natural Resources and Conservation published MAR Notice No. 36-22-115 regarding the proposed amendment of ARM 36.22.1242 at page 1827 of the 2006 Montana Administrative Register, Issue No. 14.

2. The department has amended ARM 36.22.1242 as proposed but with the following changes from the original proposal, matter to be stricken interlined, new matter underlined:

36.22.1242 REPORTS BY PRODUCERS – TAX REPORT – TAX RATE

(1) Each owner or operator of an oil or gas well or any other well (except an injection well reported on Form No. 5) shall file or cause to be filed with the board on or before the last day of each month following the month being reported on Form No. 6 containing all information required by said form and accurately reporting the status of each well thereon as of the last day of the month reported.

(2) The privilege and license tax on each barrel of crude petroleum and each 10,000 cubic feet of natural gas produced, saved, and marketed, or stored within the state or exported therefrom shall be 30.00 percent (~~.09/10~~ 0.9/10 of 1%) of the rate authorized in 82-11-131, MCA, (3/10 of 1%) of the market value thereof. This rule is effective on all crude petroleum and natural gas produced on and after October 1, 2006.

3. The following comments were received and appear with DNRC's responses:

COMMENT: Commenter stated that there was an error in MAR Notice No. 36-22-115, and that the rate for the license and privilege tax should be 0.9/10 of 1%, not 0.09/10 of 1%.

RESPONSE: DNRC agrees and amends ARM 36.22.1242 accordingly.

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

/s/ Mary Sexton
MARY SEXTON
Director, Natural Resources and Conservation

Montana Administrative Register

/s/ Linda Nelson
LINDA NELSON
Chairman, Board of Oil and Gas

/s/ Tommy H. Butler
Tommy H. Butler
Rule Reviewer

Certified to the Secretary of State July 17, 2006.